

EAST-WEST TRADE
AND AUSTRIAN TREATY

- I. As to volume, the treaty terms proposed by USSR would not in themselves result in significant increase Austrian trade with Soviet Bloc.
- A. Crude oil, to be delivered in payment for return of Soviet-held oil properties, would be little more than half the recent level of Austrian shipments to Bloc.
- B. Proposed annual deliveries of \$25 million in goods for 6 years (in compensation for USIA enterprises) are comparable to recent USIA exports to Bloc.
- II. Whether conclusion of treaty would pave way for trade increases depends largely on Bloc itself.

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A. Austrian firms are interested in increasing such trade, as with all trade, and same is true of Austrian government.

III. Since mid-'53 initiation of "New Course," general East-West trade has increased substantially, while Soviet-Satellite trade with Austria has declined.

- A. Difficulties over quality, prices, and delivery dates of Bloc goods, rather than Austrian deficiencies, have held trade with Bloc to 10% of Austria's total.
- B. Continuation of this proportion seems more likely in future than a return 1937 conditions (when Bloc countries accounted for more than 30% of Austrian trade).

IV. As to the composition of this trade, the Soviet treaty terms probably will not bring much change from the present.

copper sheets and rolling mill equipment) requested are subject to East-West trade controls and therefore to Battle Act sanctions.

B. Others (including steel, galvanized iron sheets, power-line cable, non-corrosive steel chemical apparatus, compressors, paper-making and wood-processing machines, and certain precision instruments) are now manufactured in Soviet zone Austria and are representative Austrian export items.

C. In conclusion, Austrian trade with the Bloc is too small to permit Austria being maneuvered into an economic dependence similar to Finland's.